

A Housing Program for British Columbia, 1950

A HOUSING PROGRAM FOR B.C.

With the passage of Dominion enabling legislation providing for joint participation by all three levels of government in a housing program, the final decision on future housing action now rests with the Province and the municipalities.

The housing shortage is a province-wide problem and, in the principal urban centres at least, constitutes a most serious threat to the health, wellbeing and stability of the population. Some indications of the social and economic costs to the community of bad housing are given in Schedule 2.

Earlier Dominion Housing measures have proved inadequate and a comprehensive housing program, designed to meet the needs of all sections of the population, is now required.

PRIVATE BUILDING

To overcome the numerical shortage of dwellings, chief reliance must continue to be placed on the stimulation of private building. The serious drop of 35% in dwelling starts in the Greater Vancouver area in 1949 from the previous year can be ascribed in part to the tightening of credit facilities.

The extended financing facilities now made available under the 1949 amendments to the National Housing Act, whereby purchasers can obtain loans up to approximately 85% of the actual cost of the dwelling, should considerably extend the potential market for houses. (For a summary of the 1949 amendments, see Schedule 1.)

RENTAL-PURCHASE HOUSING

It is understood that the Provincial Government are, in addition, planning, under the joint Dominion-Provincial program, to build houses for sale on a rental-purchase basis, i.e., with very low down payments.

By reducing down payments to \$500 or less, a further segment of the population will be brought within buying range. This segment is probably not, however, as large as has sometimes been suggested, since the principal obstacle to house purchase, especially since the extension of N.H.A. financing facilities, is not lack of capital, but insufficiency of income.

The carrying charges, including taxes, but excluding maintenance, on a minimum cost house, amount today to over \$40 a month, requiring a minimum annual income, under N.H.A. provisions, of around \$2200. A good proportion of those with incomes over this figure also possess the down payment of around \$1000 required under an ordinary N.H.A. loan.

In 1947, a year of relatively high income levels and employment, the number of B.C. taxpayers (other than single persons without dependents) with incomes over \$2200 a year was roughly 35% of the total number of families in B.C.

The advantage of home ownership can, moreover, be overstated. Insecurity of employment, the need for labour mobility, and the small margin of income available to meet contingencies, may often make the investment of a man's total savings in what is, in hard times, a highly illiquid asset, a very dubious policy.

While, therefore, every effort should be made to make home ownership possible for those who can afford it, it can, in the long run, only do more harm than good to encourage the lower income groups into attempting home ownership through the failure to provide alternative accommodation.

RENTAL HOUSING

A recent Civic Housing Survey, by questionnaire, of some 2,500 households requiring accommodation in Vancouver revealed that two-thirds of the families either wished to rent, or had insufficient income to consider house purchase, even under the most favourable conditions of costs and financing. It is clear therefore that if we really intend to meet our housing problems, rental housing must play an important part in any housing program and it is gratifying to note that it is the government's intention to build rental housing in addition to houses for sale.

It is estimated that with 3% financing and 40-year amortization, multiple or row housing can be built today to rent for around \$45 a month excluding heat. While this rent

level is much below that of any rental accommodation being built on a commercial basis, it is still too high for many of the groups who stand most in need of better housing.

The recent Civic Housing Survey in Vancouver showed that 55% of those families requiring to rent had incomes between \$1500 and \$2100 a year (with a rent-paying capacity of from \$25 to \$35 a month). A further 25%, who had incomes below \$1500, could pay less than \$25 a month in rent. This latter group are, generally speaking, housed in deplorable conditions, and their needs cannot be ignored.

SUBSIDIES

For these groups, subsidized housing, with rents averaging not more than \$25-\$30 a month, must be provided; and until a start is made in building directly for these families, instead of waiting hopefully for high-priced houses to filter down by degrees to their income level, we shall never get to grips with the slum problem.

While objection can be taken to the principle of housing subsidies, as to other forms of social assistance, every country which has seriously tried to tackle its slum problem has been forced to use this weapon, and the United States are today planning to build over 800,000 subsidized low rental housing units during the next six years.

The only alternative to subsidizing new housing is to subsidize slums, as we are doing today in the form of higher police, fire, health, social and administrative costs.

Evidence from a large number of cities (see Schedule 2) establishes irrefutably that the overall cost of maintaining the average city slum is far in excess of the cost of rehousing its inhabitants in decent conditions. In Vancouver itself, a recent survey of an area covering 162 acres showed that the cost of maintaining civic services for the area was approximately twice the revenue received from it in taxes.** These figures did not include heavy expenditures by the Dominion and Provincial governments and by charitable organizations in the same area.

That the public have accepted the principle of subsidy as the only practical means of dealing with the slum problem is attested by the large number of civic organizations in B.C. who have gone on record in favour of a low rental housing program. (See page 3).

SURVEYS OF NEED

Studies will require to be made of local housing needs and programs developed accordingly. One of the most important groups to be provided for is the old age group. There are some 37,500 old age and 'burnt out' pensioners in B.C. and their number is rapidly increasing; even if we assume that only 20%, or, say, 7,500, are badly housed, their requirements alone would justify a considerable program of low rental housing.

Social assistance cases, e.g., the broken family with young children, must also receive attention, if only because of the disgraceful conditions in which many of them are living today.

Other groups are only less badly housed. In establishing priorities, three principal criteria should be used. The family must (1) be at present badly housed; (2) possess an income not in excess of a given figure; (3) stand to benefit from better housing.

THE COST

Thanks to the heavy Dominion contribution, the cost of subsidy to the Province and the municipality would be very low in relation to the benefits gained. Assuming a subsidy

**New Neighbourhoods Needed, by Dr. Leonard C. Marsh, University of B.C. Report of Demonstration Housing Survey in the "Strathcona School" area of Vancouver. (Now in the hands of Premier Byron Johnson and His Worship the Mayor of Vancouver.)

as high as \$20 a month per family, and a 50% contribution by the municipality toward the Province's share, the annual cost to each would be \$30 per year per family, while the combined cost to the Province and the municipality of providing special housing for old people should not exceed \$2 per month per person.

Against this may be set: savings in social and administrative costs; increased taxable values; and increased employment in the building and allied trades--not to mention the health and happiness of the families rehoused.

There can be few public investments which offer such good value for the money expended. (See POSITIVE GAINS OF SLUM CLEARANCE AND REHOUSING: Schedule 3.)

TYPES OF HOUSING

If the taxpayers' money is to be wisely expended, strict economy must be exercised in the planning and construction of low rental housing. The individual house on an individual lot is not an economical unit in terms either of utilities or building costs. Well designed and well laid out two- and three-storey group and apartment housing, with adequate community facilities, can provide satisfactory housing at considerably lower cost.

ADMINISTRATION

Administration of housing projects will, it is understood, be in the hands of specially appointed Local Housing Authorities operating as separate financial entities. In the case of metropolitan areas, owing to the fact that available housing sites frequently bear little administrative relationship to work places or taxable values, there appears to be a strong case for some form of metropolitan Authority, which would enable housing costs to be spread fairly among the participating municipalities irrespective of the location of the houses provided.

LAND ASSEMBLY

The provisions for governmental assembly and development of land for housing purposes, by expediting the provision of serviced land for private building, by relieving municipalities of some of the financial burdens of providing such services, and by setting higher standards of subdivision, will constitute an important feature of the housing program, and should be fully exploited.

VANCOUVER HOUSING ASSOCIATION
505 Hamilton Street, Vancouver.

February, 1950.

ORGANIZATIONS WHICH HAVE PASSED RESOLUTIONS IN FAVOUR OF A LOW RENTAL HOUSING PROGRAM

<u>Municipal</u>	Canadian Federation of Mayors and Municipalities
<u>Business</u>	Canadian Construction Association (National body)
	Vancouver Board of Trade
	Vancouver Junior Chamber of Commerce
<u>Labour</u>	B.C. Federation of Labour) Representing all CCL and CIO
	Vancouver Labour Council) unions in B.C.
	Vancouver & District Trades & Labour Council (AFL-TLC)
<u>Professional</u>	Architectural Institute of B.C.
<u>Veterans</u>	Vancouver District Council, Canadian Legion
	B.C. Command, Canadian Legion
	Disabled Veterans Association
<u>Women</u>	Vancouver Local Council of Women
<u>Citizens</u>	Community Planning Association of Canada, Vancouver Branch
	Vancouver Housing Association

SUMMARY OF PRINCIPAL 1949 AMENDMENTS TO N.H.A.

1. Assistance to Home Builders

The Central Mortgage & Housing Corporation is authorized to make loans to home owners purchasing houses from builders, in an amount of one-sixth (one-eighth for duplexes) of the loan which has been made to the builder, provided that the sale price to the home owner is fair and reasonable.

This means that if a builder secures an N.H.A. loan of \$6000 on a house costing \$8000, the purchaser can obtain a supplementary loan of one-sixth of \$6000, or \$1000, leaving a balance of \$1000 to be found by the purchaser.

General policy with regard to National Housing Act loans has also been modified. Hitherto lending values have been established at levels considerably below actual cost. It is understood that lending values have now been raised in practice about 10%, to approximate more closely to actual costs.

On the other hand, loans, instead of being on a sliding scale ranging from 70% to 95% according to the lending value of the house, will in future be fixed at a straight 80% of lending value (up to certain limits). For the house purchaser, the combined effect of these changes should mean that as a general rule he will not, in future, have to put up more than 15% of the cost of his house in cash.

As a safeguard to ensure that the builder's costs will be kept to a minimum under such financing, the price at which the builder sells, if the purchaser is to secure a supplementary loan, must not exceed the amount of the combined loan plus one-sixth.

2. Governmental Housing

Section 35 of the Act enacts that "(1) the corporation (Central Mortgage & Housing Corporation) may pursuant to agreements made between the Government of Canada and the government of any province undertake jointly with the government of the province or any agency thereof projects for the acquisition and development of land for housing purposes and for the construction of houses for sale or for rent.

"(2) An agreement referred to in subsection one shall provide that the capital cost of the project and the profits or losses thereon shall be shared seventy-five per centum by the Corporation and twenty-five per centum by the government of the province or an agency thereof....

"(6) The Governor in Council may make regulations with respect to the projects that may be undertaken by the Corporation under this section prescribing:

- (a) the type of land which may be acquired for housing purposes and the maximum purchase price that may be paid for such land;
- (b) the type, maximum costs and rentals of housing units that may be constructed;
- (c) the number of housing units for which commitments may be given;
- (d) the rates of interest and amortization that may be charged against the capital costs of a project undertaken under this section;
- (e) the conditions under which family housing units may be sold or leased;
- (f) any other matters deemed necessary or advisable to carry out the purposes or provisions of this section."

The Dominion Government is thus given very broad powers of action in the field of rental or purchase housing and land assembly. General policy will, no doubt, be developed through Orders-in-Council as the program evolves, while detailed financial and administrative arrangements will be a matter for individual negotiation with the provinces.

THE COSTS OF BAD HOUSINGRELATIONS BETWEEN HEALTH AND HOUSING CONDITIONS. TORONTO 1934.

	Incidence of T.B. per 10,000 pop.	Infant Mortality Rate per 1000 live births	Juvenile Delinquency rate per 10,000 pop.
Good Housing Areas	25	58.3	7.9 cases
Poor " "	37	72.6	27.6 "
Worst " "	64	121.2	36.6 "

Source: Report of the Lieutenant Governor's Committee on Housing in Toronto, 1934.

COSTS OF MUNICIPAL SERVICES IN GOOD AND POOR HOUSING AREAS. TORONTO 1946.

	<u>**REGENT PARK</u>	<u>NORTH END</u>
Expenses of		
Fire Department	\$35,524.50	\$9,521.80
Welfare Department	46,479.56	2,309.92
Street Cleaning Department	5,100.00	4,900.00
Health Department	7,200.00	3,000.00
Buildings Department	801.00	116.00
Totals	\$95,105.06	\$19,847.72
Revenue from Taxation	31,965.49	83,153.52
<u>DEFICIT</u>	<u>\$63,140.57</u>	<u>SURPLUS \$63,305.80</u>

**The site chosen for Canada's first slum clearance project, now under way.
Source: Special Report of Municipal Departments to Board of Control, 1946.

ANALYTICAL COMPARISON OF A SLUM AREA IN CLEVELAND AND THE ENTIRE CITY - 1934##Maintenance Cost - Expressed in Comparative Per Capita Cost

FIRE PROTECTION:	Slum area,	7 times that of the entire city
POLICE PROTECTION:	" "	5 times " " " " "
T.B. CONTROL:	" "	3 times " " " " "

Social Condition - Expressed in Comparative Per Capita Frequency

MURDERS:	Slum area,	8.5 times that of the entire city
SOCIAL VICE:	" "	10.5 times " " " " "
JUVENILE DELINQUENCY:	" "	2.7 times " " " " "
ILLEGITIMATE BIRTHS:	" "	4.2 times " " " " "
T.B. DEATHS:	" "	5 times " " " " "

Although SLUM and BLIGHTED districts comprise about 20% of the Metropolitan residential areas, with 33% of the population of American cities, they account for 45% of the City Service Costs -- and only 6% of the Tax Revenue (Real Estate)

Source: New City Patterns, by S. E. Sanders and A. J. Rabuck, 1946.

RECORDED CHANGES IN HEALTH OF POPULATION
MOVED FROM SLUM CONDITIONS TO NEW HOUSING PROJECTS

#	<u>LIVERPOOL, England, 1923-24</u>	<u>IN SLUM AREA</u>	<u>IN MODERN HOUSING</u>
	Death-rate per 1,000	28.4	18.2
	Deaths from T.B. per 10,000	299	164
	Infant Mortality Rate	177	131
##	<u>NEWARK, N.J., 1942-43</u>		
	T.B. per 10,000 ages 15-40	58.8	29.2
	Infant Mortality Rate	41.5	34.7
	Communicable Diseases, under 15	158.1	114.2

Source: # Handbook for Research in the Social Aspects of Housing
United States Housing Authority, November 1941.

The Cost of Slums in Newark. Housing Authority, City of Newark, 1946.

JUVENILE DELINQUENCY IN VANCOUVER: For the five years 1930-34, the rate of juvenile delinquency in relation to school population in the Central Business and East End districts was OVER FIVE TIMES AS HIGH as in the outer areas of the city.

POSITIVE GAINS OF SLUM CLEARANCE AND REHOUSING

INCREASE IN SURROUNDING PROPERTY VALUES DUE TO PUBLIC HOUSING PROJECTS

A recent study made by the PORTLAND HOUSING AUTHORITY of the assessed valuation of properties surrounding two permanent public housing projects in Portland, Oregon, shows that assessed valuation of properties surrounding the projects has increased strikingly since the projects' construction.

1940-1949 Percentage
Increase in Assessed Valuation

	<u>Immediately Adjacent Blocks</u>	<u>First Quarter Mile</u>	<u>Second Quarter Mile</u>
Columbia Villa	96%	70%	45%
Dekum Court	112%	86%	52%

*** SAVINGS FROM REHOUSING: NEWARK, 1944

The measured savings in infant mortality, communicable diseases, T.B., fires and home accidents as a result of the removal of families from slums to five low rental projects in Newark, N.J., for the year 1944, were as follows:

	<u>Cost</u>
Families in Substandard Housing	\$229,520
Families in Housing Projects	80,711
	<hr/>
Savings in 1944 from Rehousing	\$148,809

In addition, the Housing Authority listed numerous indirect and non-measurable savings due to rehousing.

***Public Housing Pays Dividends (April 1945), Housing Authority, 57 Sussex Ave., Newark 4.